

**Fact Sheet****August 2000**

## **Farm Storage Facility Loan Program**

### **Background**

Under the Commodity Credit Corporation (CCC) Charter Act, USDA may make loans to grain producers to build or upgrade farm storage and handling facilities. The Farm Storage Facility Loan Program will be administered by USDA's Farm Service Agency (FSA). This fact sheet outlines the program as it is being operated under an interim rule as published in the *Federal Register* on May 11, 2000. Provisions of the program may change when the final rule is announced.

### **Facility Loan Commodities**

Commodities covered under this storage program are wheat, rice, soybeans, sunflower seed, canola, rapeseed, safflower, flaxseed, mustard seed, crambe, other oilseeds as determined and announced by CCC, corn, grain sorghum, oats, or barley harvested as whole grain.

### **Eligible Borrowers**

An eligible borrower is any person who, as landowner, landlord, operator, producer, tenant, leaseholder, or sharecropper:

- 1) Has a satisfactory credit history, no delinquent Federal debt, and

- demonstrates an ability to repay debt;
- 2) Is a producer of a facility loan commodity;
- 3) Demonstrates a need for increased storage capacity;
- 4) Provides proof of crop insurance from FCIC or a private company;
- 5) Is in compliance with USDA provisions for highly erodible land;
- 6) Demonstrates compliance with any applicable local zoning, land use, and building codes for the applicable farm storage facility structures;
- 7) Provides proof of all peril structural insurance to CCC annually and proof of flood insurance if CCC determines such insurance is necessary to protect the interests of CCC, and;
- 8) Demonstrates compliance with the National Environmental Policy Act regulations.

### **Eligible Storage or Handling Equipment**

Loans may be made only for the purchase and installation of eligible storage facilities, permanently affixed drying or handling equipment, or remodeling existing facilities (to increase storage capacity). Eligible facilities include:

- New conventional-type cribs or bins designed and engineered for whole grain storage and having a useful life of at least 10 years;
- New oxygen-limiting and other upright silo-type structures designed for whole grain storage and having a useful life of at least 10 years; and
- New flat-type storage structures for which the primary use is to store whole grain.

### **Unauthorized Producer Actions**

Producers who authorize actions without an approved loan do so at their own risk and without creating any liability on behalf of CCC.

### **Term of Loan**

The maximum term of the loan is 7 years. No extensions will be granted.

### **Security for Loan**

All loans shall be secured by a promissory note and security agreement. For loans exceeding \$50,000, a lien on the real estate on which the farm storage facility is located will be required in the form of a real estate mortgage, deed of trust, or other security instrument approved by CCC.

***Loan Amount***

The principal amount of any farm storage facility loan shall be 75 percent of the net cost of the applicant's needed storage or handling equipment not to exceed \$100,000.

***Down payment***

A minimum down payment representing the difference between the net cost of the storage facility and the amount of the loan shall be made by the loan applicant to the supplier or contractor before the loan is disbursed.

***Interest***

Loans shall bear interest at the rate equivalent to the rate of interest charged on U.S. Treasury securities of comparable maturity on the date the loan is approved. The interest rate for each loan will remain in effect for the term of the loan.

***Other requirements apply.***

Check with county FSA offices for details.

Information is also available on FSA's Home Page at:  
[www.fsa.usda.gov](http://www.fsa.usda.gov)

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